

## Senate Bill No. 1844

### CHAPTER 613

An act to amend Section 469 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 23, 2000. Filed  
with Secretary of State September 24, 2000.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1844, Kelley. Property taxation: personal property: audit threshold.

Existing property tax law requires a county assessor to audit the books of a taxpayer's profession, trade, or business at least once every 4 years, if locally assessable trade fixtures and business tangible personal property owned, claimed, or possessed by the taxpayer have a full value of at least \$300,000.

This bill would increase the audit threshold amount to \$400,000.

*The people of the State of California do enact as follows:*

SECTION 1. Section 469 of the Revenue and Taxation Code is amended to read:

469. In any case in which locally assessable trade fixtures and business tangible personal property owned, claimed, possessed, or controlled by a taxpayer engaged in a profession, trade, or business has a full value of four hundred thousand dollars (\$400,000) or more, the assessor shall audit the books and records of that profession, trade, or business at least once each four years. If the board determines the value of property pursuant to Section 15640 of the Government Code, that determination may be deemed an audit by the assessor for purposes of this section.

Upon completion of an audit of the taxpayer's books and records, the taxpayer shall be given the assessor's findings in writing with respect to data that would alter any previously enrolled assessment.

Equalization of the property by a county board of equalization or assessment appeals board pursuant to Chapter 1 (commencing with Section 1601) of Part 3 of this division shall not preclude a subsequent audit and shall not preclude the assessor from levying an escape assessment in appropriate instances, but shall preclude an escape assessment being levied on that portion of the assessment that was the subject of the equalization hearing.

If the result of an audit for any year discloses property subject to an escape assessment, then the original assessment of all property of the assessee at the location of the profession, trade, or business for

that year shall be subject to review, equalization and adjustment by the county board of equalization or assessment appeals board pursuant to Chapter 1 (commencing with Section 1601) of Part 3 of this division, except in those instances when the property had previously been equalized for the year in question.

If the audit for any particular tax year discloses that the property of the taxpayer was incorrectly valued or misclassified for any cause, to the extent that this error caused the property to be assessed at a higher value than the assessor would have entered on the roll had the incorrect valuation or misclassification not occurred, then the assessor shall notify the taxpayer of the amount of the excess valuation or misclassification, and the fact that a claim for cancellation or refund may be filed with the county as provided by Sections 4986 and 5096.

